

Transit Time And Cost Control In International Freight Forwarding

Anusuya R¹ ,Dr. R Senthil Kumar²

¹MBA Student ;Logistics & Supply Chain Management, Vels Institute Of Science, Technology & Advanced Studies, Chennai – 600 117.India.

²Assistant Professor – Mba, School Of Management Studies, Vels Institute Of Science, Technology & Advanced Studies, Chennai – 600 117. India.

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ABSTRACT

The logistics and freight forwarding industry are hugely important to helping transportation of goods take place on an international level. There are many things that have an influence over how long freight forwarding operations take and cost. This research paper is examining how actual industry conditions relate to these variables. In a very competitive environment, there is huge competition between companies to try to find the right balance of time and cost when getting goods moved as quickly as possible, while keeping transportation costs low.

This research paper will utilize a descriptive method for analysis purposes. The primary data for this study will come from 60 individuals currently employed in freight forwarding/logistics companies. In addition, some secondary data was also utilized in order to create this research paper. This secondary data came from industry books, journals, and industry related reports. The statistical tools utilized to assess the data included chi-square tests, descriptive statistics, correlations, and percentage analyse.

The study reveals that long transit times cause significant issues with operational performance related directly to customer satisfaction. The transportation delays are affected by many issues within the supply chain including port congestion, customs clearance, document delays, and mode selection.

Additionally, transit time was found to be a strong indicator of cost when combined; for example, an item shipped quickly will almost always cost more than an item shipped slowly. Most of the delays could be traced to poor planning and lack of communication between the supplier and shipper. In conclusion, logistics performance could be improved significantly through effective planning, coordination, and use of digital technology (e.g., tracking systems). By improving their practices, freight forwarders will be able to decrease delays, better manage expense, and improve overall efficiency within their supply chain.

KEY WORDS: *Transit Time, Freight Forwarding, Logistics, Cost Control, Supply Chain, Transportation, Digital Tools, Coordination.*

INTRODUCTION

Logistics play a vital role in creating communication between companies located in various parts of the world. The freight forwarding industry manages the transportation, paperwork, and customs processing of goods so that

goods travel from the origin to the destination point without a problem. Two of the most influential factors in determining the effectiveness of logistics are transit time (how quickly products get from origin point to destination) and transportation costs (the amount businesses pay for transporting their products). Every business wants their products delivered quickly and for the lowest cost possible.

Unfortunately, many times businesses cannot meet either of these goals due to delays caused by port congestion, wrong documents, and poor coordination between the freight forwarding company and the company shipping the product. The purpose of this research paper is to gain an understanding of how companies within the freight forwarding industry provide their clients with efficient transit times and low transportation costs, as well as how each of these factors affects the overall performance of the supply chain.

OBJECTIVES

Primary Objective

- To Review Characteristics Affecting Cost Control in International Freight Forwarding

Secondary Objectives:

- To Assess Characteristics Affecting Transit Time
- To Assess Intrinsic Cost Functionality Related To Freight Forwarding
- To Determine The Relationship Of Cost To Transit Time
- To Research Methods to Improve Logistics Effectiveness

REVIEW OF LITERATURE

Based on earlier studies, transit time is an important logistics metric; shorter transit times both lower inventory costs and raise overall customer satisfaction (Christopher 2016). Transportation costs represent a key portion of the total logistics cost; therefore, they must be managed via proper planning (Bowersox et al., 2013).

The relationship between time and cost is explained via the international trade model developed by Hummels and Schaur (2013), which shows that lower costs generate from slower transportation and vice versa for faster transportation. In order to improve logistics performance, researchers have focused on the importance of infrastructure, coordination, and technology. Logistics performance is significantly influenced by factors such as communication (between buyers and suppliers), efficiency of ports, and customs processing times for freight.

The overall outcome of these studies suggests that companies that are more efficient at freight forwarding must find a balance between time and cost.

DATA ANALYSIS

Survey results from logistics experts served as the basis for this research.

A survey of logistics experts revealed:

Half of those surveyed said that transit time was very important to them - Nearly half of all shipments experience delays.

A quarter of delays were attributed to communication problems and approximately a third were caused by inadequate planning.

Over two-thirds of the experts stated that they use digital tools to track their shipments.

That same group indicated that there was a strong correlation between cost and transit time. Three-quarters of those surveyed said improved planning would help save both time and money.

The report concluded that while there were many delays in freight forwarding operations, they could be minimized by planning, coordinating, and utilizing technology effectively.

INDUSTRIAL PROFILE

Logistics and Freight forwarding services play a significant role in the global trade industry. These services include everything from moving goods to storing them, getting them through customs, and documenting their passage from origin to destination.

This case study is about Orbis Enterprises - a logistics service provider that offers end to end freight forwarding solutions. They provide services such as warehousing, customs clearance, air and sea freight, and coordinating all aspects of transporting goods.

This company continues grow due to the increase in global trade and globalization. However, they face significant challenges, such as: high costs of doing business; lack of adequate infrastructure; delayed shipments; etc. Companies like Orbis Enterprises are key players in providing effective logistical management to overcome these challenges.

CONCLUSION

According to the study, cost control and transit time are two main components of international freight forwarding operations. Delays caused by poor planning, breakdowns in communication and external factors have an effect on the overall logistics performance.

Transit times and costs are closely connected, so businesses must establish a balance between being cost-effective and fast. Technology has provided significant improvements to the overall operations by helping to minimise delays and create better visibility for logistics companies through improved planning, coordination and the use of technology in today's environment, which can lead to greater levels of productivity, lower overall costs, and greater levels of satisfaction for customers.

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